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INNO-TECH HOLDINGS LIMITED
匯 創 控 股 有 限 公 司 *

(incorporated in Bermuda with limited liability)

(Stock Code: 8202)

**DISCLOSEABLE TRANSACTION
DISPOSAL OF HOTEL ASSETS
IN THE PEOPLE'S REPUBLIC OF CHINA**

DISPOSAL OF HOTEL ASSETS

On 26 June 2009, Inno Hotel Investment, a wholly-owned subsidiary of the Company, entered into the First Sale and Purchase Agreement with the First Purchaser in relation to the disposal of the entire issued share capital of Sunny Team for a consideration of RMB2,000,000 (equivalent to approximately HK\$2,222,000).

On 26 June 2009, Inno Hotel Investment, a wholly-owned subsidiary of the Company, entered into the Second Sale and Purchase Agreement with the Second Purchaser in relation to the disposal of the entire issued share capital of Homesmart for a consideration of RMB2,000,000 (equivalent to approximately HK\$2,222,000).

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, each of the Purchasers and its ultimate beneficial owners are Independent Third Parties.

Since the relevant percentage ratio set out in Rule 19.08 of the GEM Listing Rules in respect of each of the Disposals is more than 5% but less than 25%, each of the Disposals constitutes a discloseable transaction for the Company under the GEM Listing Rules.

A. DISPOSAL OF HOTEL ASSETS

On 26 June 2009, Inno Hotel Investment, a wholly-owned subsidiary of the Company, entered into the First Sale and Purchase Agreement with the First Purchaser in relation to the disposal of the entire issued share capital of Sunny Team for a consideration of RMB2,000,000 (equivalent to approximately HK\$2,222,000).

On 26 June 2009, Inno Hotel Investment, a wholly-owned subsidiary of the Company, entered into the Second Sale and Purchase Agreement with the Second Purchaser in relation to the disposal of the entire issued share capital of Homesmart for a consideration of RMB2,000,000 (equivalent to approximately HK\$2,222,000).

1. The First Sale and Purchase Agreement dated 26 June 2009

Parties

- (1) Vendor : Inno Hotel Investment
- (2) First Purchaser : Timewon Limited, an investment holding company

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, the First Purchaser and its ultimate beneficial owners are Independent Third Parties.

Subject matter of the First Sale and Purchase Agreement

One share of HK\$1.00 in the share capital of Sunny Team, representing the entire issued share capital of Sunny Team.

Consideration

The consideration for the Sunny Team Share is RMB2,000,000 (equivalent to approximately HK\$2,222,000) and shall be satisfied by the First Purchaser in the following manner:

- (a) as to RMB100,000 (equivalent to approximately HK\$111,000) will be paid in cash upon the signing of the First Sale and Purchase Agreement; and
- (b) the remaining balance in the amount of RMB1,900,000 (equivalent to approximately HK\$2,111,000) will be settled by the issuance of a promissory note by the First Purchaser upon completion of the First Sale and Purchase Agreement.

The Sunny Team Consideration is arrived at after arm's length negotiation between the parties taking into account (i) the valuation of the Xindu Hotel Property as at 19 June 2009 by BMI Appraisals Limited, an independent professional valuer, in the amount of RMB10,500,000 (equivalent to approximately HK\$11,666,000); and (ii) the Sunny Team Bank Loan in the principal amount of RMB8,500,000 (equivalent to approximately HK\$9,444,000). The parties agreed that Inno Hotel Investment shall pay an amount equal to the interest payment incurred under the Sunny Team Bank Loan from the day immediately after the last interests incurring period up to the date of completion of the First Sale and Purchase Agreement in the amount of approximately RMB64,000 (equivalent to approximately HK\$71,000) to the First Purchaser on completion. Having considered the aforementioned factors, the Directors consider that the Sunny Team Consideration to be fair and reasonable and is in the interests of the Shareholders as a whole.

2. The Second Sale and Purchase Agreement dated 26 June 2009

Parties

- (1) Vendor : Inno Hotel Investment
- (2) Second Purchaser : Main Move Limited, an investment holding company

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, the Second Purchaser and its ultimate beneficial owners are Independent Third Parties.

Subject matter of the Second Sale and Purchaser Agreement

One share of HK\$1.00 in the share capital of Homesmart, representing the entire issued share capital of Homesmart.

Consideration

The consideration for the Homesmart Share is RMB2,000,000 (equivalent to approximately HK\$2,222,000) and shall be satisfied by the Second Purchaser in the following manner:

- (a) as to RMB100,000 (equivalent to approximately HK\$111,000) will be paid in cash upon the signing of the Second Sale and Purchase Agreement; and
- (b) the remaining balance in the amount of RMB1,900,000 (equivalent to approximately HK\$2,111,000) will be settled by the issuance of a promissory note by the Second Purchaser upon completion of the Second Sale and Purchase Agreement.

The Homesmart Consideration is arrived at after arm's length negotiation between the parties taking into account (i) the valuation of the Kaiping Hotel Property as at 19 June 2009 by BMI Appraisals Limited, an independent professional valuer, in the amount of RMB13,000,000 (equivalent to approximately HK\$14,444,000); and (ii) the Homesmart Bank Loan in the principal amount of RMB11,000,000 (equivalent to approximately HK\$12,222,000). The parties agreed that Inno Hotel Investment shall pay an amount equal to the interest payment under the Homesmart Bank Loan from the day immediately after the last interests incurring period up to the date of completion of the Second Sale and Purchase Agreement in the amount of approximately RMB106,000 (equivalent to approximately HK\$118,000) to the Second Purchaser on completion. Having considered the aforementioned factors, the Directors consider that the Homesmart Consideration to be fair and reasonable and is in the interests of the Shareholders as a whole.

3. Conditions precedent of the Sale and Purchase Agreements

The Sale and Purchase Agreements are conditional upon fulfilment of the following conditions on or before 30 June 2009:

- (a) completion of the due diligence review of the affairs of Sunny Team and the Sunny Team WFOE or Homesmart and the Homesmart WFOE (as the case may be) to the satisfaction of the First Purchaser or the Second Purchaser (as the case may be) on or before 30 June 2009;
- (b) approval of the Disposals by the board of directors of Inno Hotel Investment and the Company, respectively; and

- (c) the representations and warranties in respect of Sunny Team and the Xindu Hotel Property as contained in the First Sale and Purchase Agreement and HomSMART and the Kaiping Hotel Property as contained in the Second Sale and Purchase Agreement, as the case may be, remaining true and accurate.

The First Sale and Purchase Agreement and the Second Sale and Purchase Agreement are not conditional on each other. The abovementioned conditions can be waived at the discretion of the First Purchaser or the Second Purchaser (as the case may be). If any of the conditions cannot be fulfilled or waived by 30 June 2009, either of the Sale and Purchase Agreements will be terminated.

4. Completion

Completion of the First Sale and Purchase Agreement and the Second Sale and Purchase Agreement will take place on or before 30 June 2009.

B. INFORMATION ON SUNNY TEAM AND HOMSMART

1. Sunny Team

Sunny Team is a company incorporated in Hong Kong on 13 September 2007. Sunny Team was incorporated for the sole purpose of establishing the Sunny Team WFOE, a wholly foreign enterprise established in the PRC on 20 December 2007. The sole property of the Sunny Team WFOE is the Xindu Hotel Property.

The Xindu Hotel Property comprises one nine-storey building and one five storey building located at No.106, Guangming Road, Kaiping, the PRC, with a floor area of 6,210.18 square metre and 635.98 square metre, respectively and car parking spaces with an area of 755.50 square metre located at No.107 Guangming Road, Kaiping, the PRC. The buildings were completed in 1993 and 2001, respectively and are approved for office and hotel purposes.

As at the date of this announcement, the Xindu Hotel Property is occupied and operated as a hotel by an Independent Third Party.

According to a valuation report in respect of the Xindu Hotel Property prepared by BMI Appraisals Limited, an independent professional valuer, the Xindu Hotel Property was valued at RMB10,500,000 (equivalent to approximately HK\$11,666,000) as at 19 June 2009.

The unaudited consolidated net loss of Sunny Team for the financial year from its date of incorporation, i.e. 13 September 2007, to 30 June 2008 and for the financial period from 1 July 2008 to 31 March 2009 are:

	From date of incorporation (i.e. 13 September 2007) to 30 June 2008	From 1 July 2008 to 31 March 2009
before taxation and extraordinary items	(HK\$88,000)	(HK\$905,000)
after taxation and extraordinary items	(HK\$88,000)	(HK\$905,000)

Based on the management accounts of Sunny Team as at 31 March 2009, a loss of approximately HK\$524,000 is expected to be recognized by the Company following completion of disposal of Sunny Team. The loss is calculated with reference to the difference between the Sunny Team Consideration and the aggregate of (i) the investment cost in Sunny Team; (ii) the unaudited consolidated net asset value of Sunny Team; and (iii) the current account balance due from Sunny Team to Inno Hotel Investment to be written off. Before completion of the disposal of Sunny Team, Sunny Team is an indirect wholly-owned subsidiary of the Company. Upon completion of the disposal of Sunny Team, Sunny Team will cease to be a subsidiary of the Company. The accounts of Sunny Team will no longer be consolidated to the financial statements of the Group.

2. Homesmart

Homesmart is a company incorporated in Hong Kong on 9 October 2007. Homesmart was incorporated for the sole purpose of establishing Homesmart WFOE, a wholly foreign owned enterprise established in the PRC on 4 February 2008. The sole property of Homesmart WFOE is the Kaiping Hotel Property.

The Kaiping Hotel Property comprises two four-storey buildings and one seven-storey building located at No.22, Xi Jiao Road, Zhang Sha, San Bu Town, Kaiping City, Guangdong Province, the PRC, with a floor area of approximately 4,387.29 square metre.

As at the date of this announcement, the Kaiping Hotel Property contains a restaurant, a fastfood chain store, a hotel, a sauna and a wholesale shop which are operated by Independent Third Parties.

According to a valuation report in respect of the Kaiping Hotel Property prepared by BMI Appraisals Limited, an independent professional valuer, the Kaiping Hotel Property was valued at RMB13,000,000 (equivalent to approximately HK\$14,444,000) as at 19 June 2009.

The unaudited consolidated net loss of Homesmart for the financial year from its date of incorporation, i.e. 9 October 2007, to 30 June 2008 and for the financial period from 1 July 2008 to 31 March 2009 are:

	From date of incorporation (i.e. 9 October 2007) to 30 June 2008	From 1 July 2008 to 31 March 2009
before taxation and extraordinary items	(HK\$187,000)	(HK\$613,000)
after taxation and extraordinary items	(HK\$187,000)	(HK\$613,000)

Based on the management accounts of Homesmart as at 31 March 2009, a loss of approximately HK\$20,405,000 is expected to be recognized by the Company following completion of disposal of Homesmart. The loss is calculated with reference to the difference between the Homesmart Consideration and the aggregate of (i) the investment cost in Homesmart; (ii) the unaudited consolidated net asset value of Homesmart; and (iii) the current account balance due from Homesmart to Inno Hotel Investment to be written off. Before completion of the

disposal of Homesmart, Homesmart is an indirect wholly-owned subsidiary of the Company. Upon completion of the disposal of Homesmart, Homesmart will cease to be a subsidiary of the Company. The accounts of Homesmart will no longer be consolidated to the financial statements of the Group.

C. REASONS FOR THE DISPOSAL OF THE HOTEL ASSETS

The Group is a software application solutions provider engaged in the provision of internet design for residential communities and e-property management software application consulting services based on the application of i-Panel and its integrated hardware and software in the PRC. The Group has recently completed the acquisition of an interest in a company that manages gold mine in the PRC. The Company has on 10 June 2009 announced its intention to acquire a majority interest in that company. It was further announced by the Board on 18 June 2009 that Inno Gold Mining Limited, a wholly-owned subsidiary of the Company, entered into a memorandum of understanding with Right Gold Limited in relation to the proposed acquisition of part or whole of the issued share capital of a gold mine holding company.

As stated in the 2008 annual report of the Company, it has been the corporate strategy of the Group to strengthen its existing business, and at the same time identifying and capitalizing new opportunities to achieve the financial growth for the Company and to maximize Shareholders' value. Whilst the Group has been actively identifying and capitalizing new opportunities, the Group has also been reviewing and evaluating its existing business streams so as to enable the Group to react quickly and implement appropriate steps in face of new challenges in the volatile global economic environment. After the Disposals, the Group will focus its resources on existing businesses, particularly exploitation and excavation of gold mines operated by the Group and developing new software solutions to ensure efficient and safe exploitation and excavation tailor-made for gold mines in the PRC.

The Group will use the sale proceeds from the Disposals as general working capital of the Group.

The Directors are of the view that the terms of the Disposals are fair and reasonable and in the interests of the Shareholders as a whole.

D. GENERAL

Since the relevant percentage ratio set out in Rule 19.08 of the GEM Listing Rules in respect of each of the Disposals is more than 5% but less than 25%, each of the Disposals constitutes a discloseable transaction for the Company under the GEM Listing Rules.

E. DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following meanings when used herein:

“Board”	the board of Directors;
“Company”	Inno-Tech Holdings Limited (匯創控股有限公司*), a company incorporated in Bermuda with limited liability and the issued Shares of which are listed on GEM;
“Directors”	directors (including the independent non-executive directors) of the Company from time to time;
“Disposals”	the disposal of the Sunny Team Share and the Homesmart Share as contemplated under the First Sale and Purchase Agreement and the Second Sale and Purchase Agreement, respectively;
“First Purchaser”	Timewon Limited 泰運有限公司, a company incorporated in the British Virgin Islands with a limited liability;
“First Sale and Purchase Agreement”	the sale and purchase agreement dated 26 June 2009 entered into between Inno Hotel Investment and the First Purchaser in relation to the Sunny Team Share;
“GEM”	the Growth Enterprise Market of the Stock Exchange;
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM;
“Group”	the Company and its subsidiaries;
“Homesmart”	Homesmart Properties Limited 康澤有限公司, a company incorporated in Hong Kong with limited liability;
“Homesmart Bank Loan”	the outstanding bank loan in the principal amount of RMB11,000,000 (equivalent to approximately HK\$12,222,000) borrowed by Homesmart WFOE on 31 July 2008 and will become due on 31 July 2011;
“Homesmart Consideration”	the amount of RMB2,000,000 (equivalent to approximately HK\$2,222,000);
“Homesmart Share”	the one share of HK\$1.00 in the share capital of Homesmart, representing the entire issued share capital of Homesmart;
“Homesmart WFOE”	廣州康澤酒店管理有限公司, the wholly foreign owned enterprise established in the PRC and wholly owned by Homesmart;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Independent Third Party(ies)”	third party(ies) independent of the Company and the connected persons of the Company (within the meaning of the GEM Listing Rules);

“Inno Hotel Investment”	Inno Hotel Investment & Management Holdings Limited, a company incorporated in the British Virgin Islands and a wholly-owned subsidiary of the Company;
“Kaiping Hotel Property”	the property comprises two four-storey buildings and one seven storey building located at No. 22 Xi Jiao Road, Zhang Sha, San Bu Town, Kaiping City, Guangdong Province, the PRC, with a total gross floor area of approximately 4,387.29 square metres;
“PRC” or “China”	the People’s Republic of China, which, for the purpose of this announcement, shall excludes Hong Kong, Macau Special Administrative Region of the PRC and Taiwan;
“Purchasers”	the First Purchaser and the Second Purchaser;
“Sale and Purchase Agreements”	the First Sale and Purchase Agreement and the Second Sale and Purchase Agreement;
“Sale Shares”	the Sunny Team Share and the Homesmart Share;
“Second Sale and Purchase Agreement”	the sale and purchase agreement dated 26 June 2009 entered into between Inno Hotel Investment and the Second Purchaser in relation to the Homesmart Share;
“Second Purchaser”	Main Move Limited, a company incorporated in the British Virgin Islands with limited liability;
“Shareholders”	holders of Shares;
“Shares”	shares of HK\$0.02 each in the issued share capital of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Sunny Team”	Sunny Team Corporation Limited 日滙有限公司, a company incorporated in Hong Kong with limited liability;
“Sunny Team Bank Loan”	the outstanding bank loan in the principal amount of RMB8,500,000 (equivalent to approximately HK\$9,444,000) borrowed by the Sunny Team WFOE on 31 July 2008 and will become due on 31 July 2010;
“Sunny Team Consideration”	the amount of RMB2,000,000 (equivalent to approximately HK\$2,222,000);
“Sunny Team Share”	the one share of HK\$1.00 in the share capital of Sunny Team, representing the entire issued share capital of Sunny Team;
“Sunny Team WFOE”	廣州尚滙酒店管理有限公司, the wholly foreign owned enterprise established in the PRC and wholly owned by Sunny Team;

“Xindu Hotel Property”	the property comprises certain buildings located at No. 106, Guangming Road, Kaiping, the PRC, with a floor area of 6,210.18 square metre and 635.98 square metre, respectively and car parking spaces with an area of 755.50 square metre located at No. 107 Guangming Road, Kaiping, the PRC;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“RMB”	Renminbi, the lawful currency of the PRC; and
“%”	per cent.

By order of the Board
Inno-Tech Holdings Limited
Wong Yuen Yee
Chairman

Hong Kong, 26 June 2009

In this announcement, all amounts in RMB are converted into HK\$ at the exchange rate of RMB1.00:HK\$1.111. The conversion rate is for the purpose of illustration only and does not constitute a representation that any amounts have been, could have been, or may be exchanged at the aforementioned or any other rates.

As at the date of this announcement, the Board comprises four executive Directors, namely, Ms. Wong Yuen Yee (Chairman), Mr. Wong Yao Wing, Robert (Deputy Chairman), Mr. Wong Kwok Sing and Mr. Lam Shiu San; and three independent non-executive Directors, namely Mr. Wong Tak Leung, Charles, Mr. Lai Ying Sum and Mr. Cheng King Hung.

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief: (1) the information contained in this announcement is accurate and complete in all material respects and not misleading; (2) there are no other matters the omission of which would make any statement in this announcement misleading; and (3) all opinions expressed in this announcement have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

This announcement will remain on the “Latest Company Announcements” page on the GEM website at www.hkgem.com and on the website of the Company at www.it-holdings.com for 7 days from the date of this posting.

* For identification purpose only.